

November 2001
Changes in PECFA Coverage

With December 22, 2001 fast approaching, it seems appropriate to notify petroleum storage tank owners and operators, how some of the statutory changes that take effect on that date may affect you.

The first change involves a reduction in the dollar amount of PECFA coverage, available to an owner or operator of Aboveground (AST) or Underground (UST) Storage Tank System. The systems affected are currently eligible for \$500,000 or \$1,000,000 of coverage, per occurrence. For owners or operators that start an investigation or an approved emergency action on or after December 22, 2001, the maximum PECFA reimbursement they will be eligible to receive will be \$190,000 per occurrence.

Along with the reduced coverage comes a change in the deductible. Currently, an owner or operator of an AST system is subject to a base deductible of \$15,000 as well as a percentage (2% for bulk facilities and 10% for terminals) of the eligible costs over \$200,000. An owner or operator of a UST system is subject to a base deductible of \$2500 plus 5% of eligible costs. For sites where the approved remedial action was received by Commerce before November 1, 1999, the maximum deductible is \$7500. An owner or operator that starts an investigation or an approved emergency action on or after December 22, 2001 will be subject to a flat \$10,000 deductible.

In addition to these changes, the annual aggregate amount will be \$190,000 for an owner or operator that starts a site investigation or an approved emergency action, on or after December 22, 2001.

It is important to note that for the purpose of defining the start of investigation, PECFA will refer to the definition found in Administrative Rule Comm 47, section Comm 47.335 (4) Start of Investigation. An investigation shall be considered started if, after confirmation of a contamination is obtained, additional soil borings, soil sampling, or monitoring-well construction have begun.

Another major change to the statute effective December 22, 2001 involves new or upgraded Aboveground Storage Tank Systems. An owner or operator of an AST will no longer be eligible for PECFA coverage, if that system meets the requirements of a new or upgraded system as set forth in Administrative Rule Comm 10, and the contamination is confirmed after December 22, 2001.

To summarize, owners or operators that have started an investigation or an approved emergency action prior to December 22, 2001 remain eligible for the higher coverage, along with the corresponding deductible. Owners that start these activities on or after that date will be subject to the reduced coverage of \$190,000 per occurrence, with a \$10,000 deductible, and will have an annual aggregate amount of \$190,000. This applies to AST's as well as UST's. In addition, an owner or operator of a new or upgraded AST system will not be eligible for the PECFA program if the discharge is confirmed after December 22, 2001.

If you have questions regarding the PECFA program, or how these changes will affect you, please contact me at 608/267-7642, or via e-mail at dlegler@commerce.state.wi.us.